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# Round-Up the Savings to Pay for Facilities Improvements



# Acknowledgements

Thank you to our webinar sponsor:



SRS provides a cloud-based software platform that streamlines the workflows across the entire energy savings performance contracting (ESPC) life cycle.



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# **Public Facilities Retrofit Program**

## **Governor's Office of Energy**

**Sue Stephens**  
**Energy Program Manager**

# Public Facilities Retrofit Program

## Grant from U.S. Department of Energy

To increase energy efficiency through performance contracting

For state and local governments



# Public Facilities Retrofit Program

For:

- State agencies and state higher education institutions
- Cities, counties, school districts, other government districts

Education

- Information
  - Visit our website: [www.energy.nv.gov](http://www.energy.nv.gov)
  - Sign-up for our upcoming newsletter
- Workshops
  - Reno (January 15<sup>th</sup>)
  - Las Vegas (February 6<sup>th</sup>)
  - Winnemucca (March 18<sup>th</sup>)

Technical Assistance

- Best practices
- Model procurement and contracting documents
- Guidance to develop a successful project



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# **Public Facilities Retrofit Program**

## **Governor's Office of Energy**

**Linda Smith**

**Program Consultant** (9Kft Strategies in Energy)

# **What is Performance Contracting?**

**...and, how does it work?**

# What Problems Do You Face at Your Facility?

- ✓ Competing needs for the budget
- ✓ Maintenance problems or comfort complaints
- ✓ Limited expertise on technologies
- ✓ Too many demands on staff time to launch new projects



Yet...you want to replace equipment and modernize your facilities

If you face these problems....  
you are not alone

An Innovative Solution

Performance Contracting



...a smart way to get better buildings

# What is Energy Savings Performance Contracting?

## Energy Savings Performance Contracting (ESPC)

*Projects pay for themselves!*

*Savings stack up over time...*



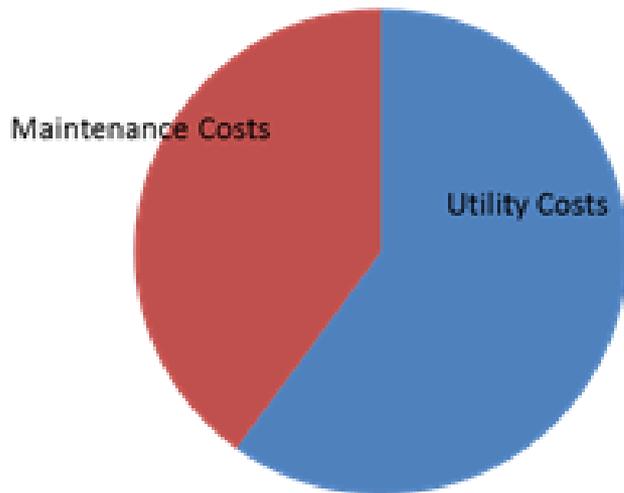
A way to upgrade your facilities without dipping into your capital budget...

*Using future energy savings to pay for projects*

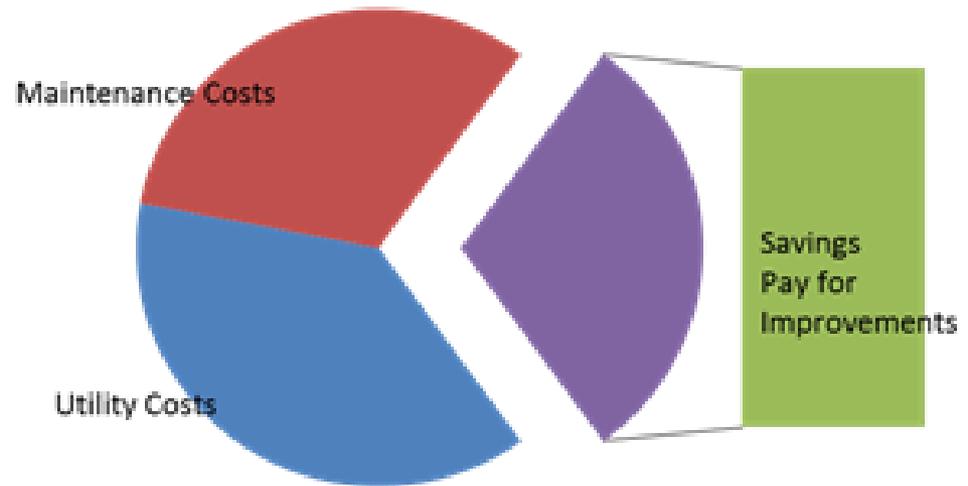
# How It Works – Annually

Each year money in your budget is freed-up to pay for equipment!

ANNUAL BUDGET  
Before Improvements

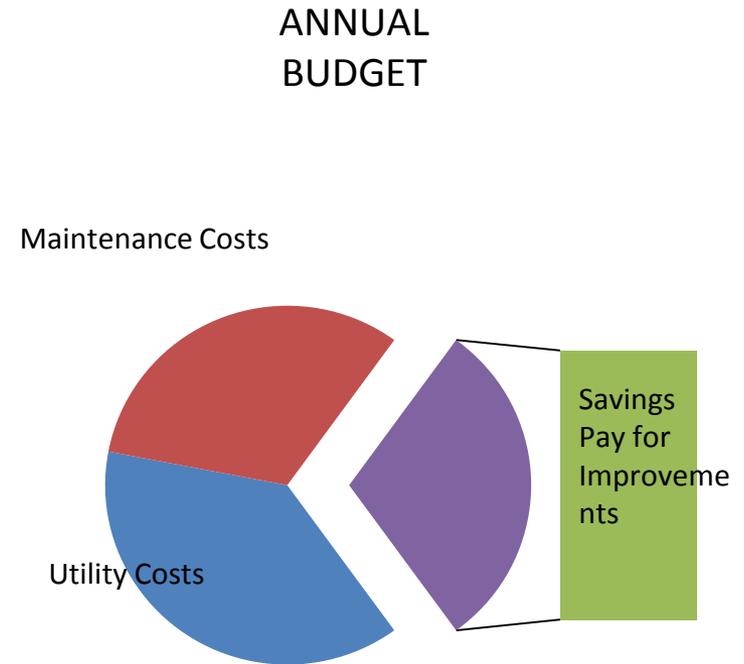


ANNUAL BUDGET  
After Improvements



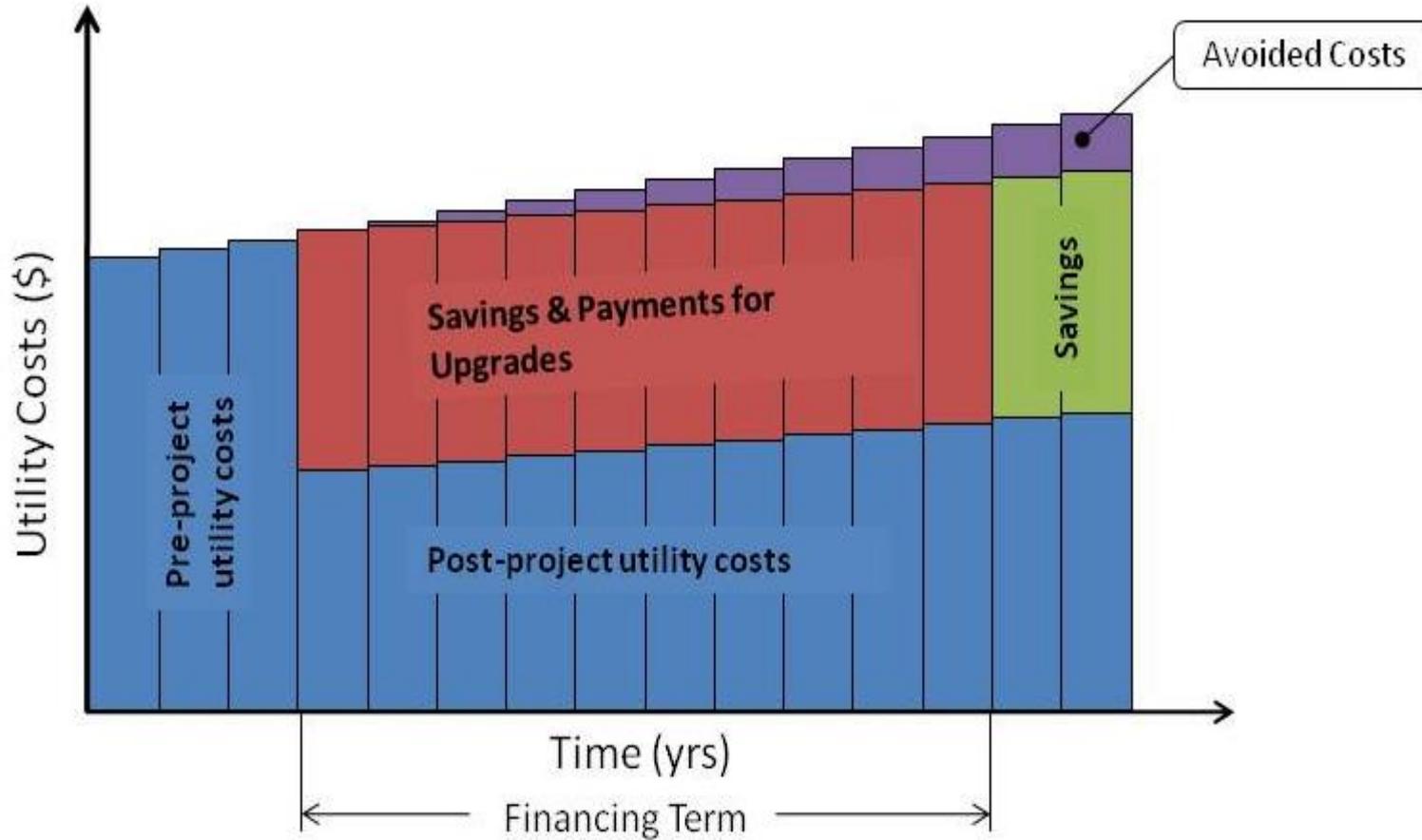
# How It Works - Financing Multi-Year Lease-Purchase Agreement

- Financed through lease-purchase agreement (municipal tax-exempt)
- Annual cost savings exceed annual payments
- Does not impact debt (common legal perspective)
- Financing term is up to 15 years (per legislation)
- Blend and leverage funds (savings plus utility rebates, grants, bonds, budgeted funds)



# How It Works – Over the Years

## The long-term view



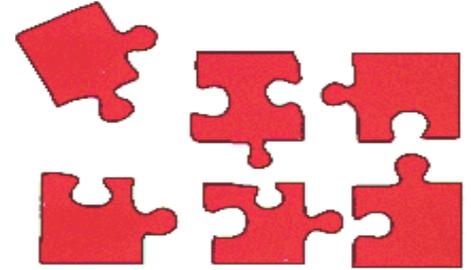
## Contract with an Energy Service Company (ESCO)

The ESCO brings in  
a team of specialists



# The ESCO Partner

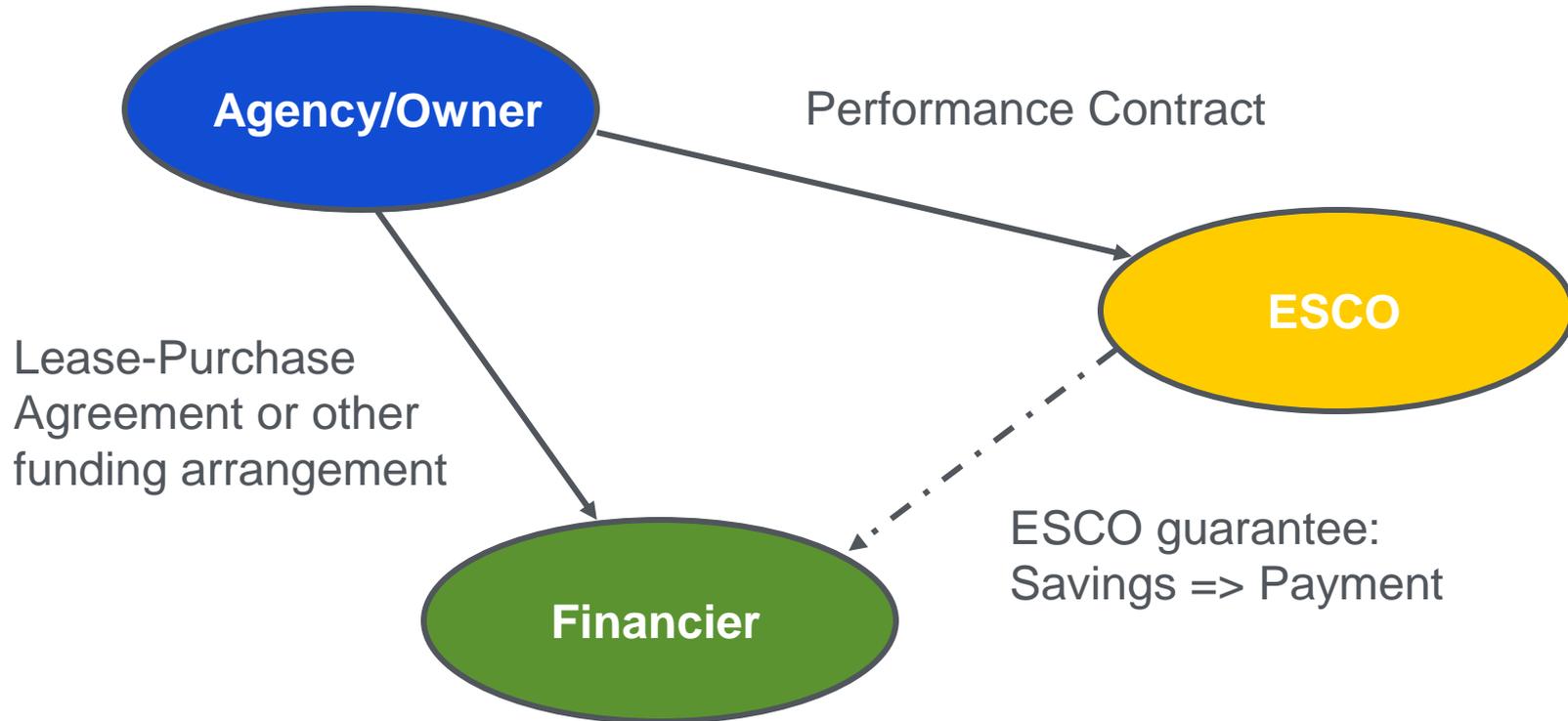
A qualified ESCO puts many different pieces together in a turnkey approach:



-  Identify and evaluate project opportunities
-  Help arrange for financing and other funding sources
-  Design, install, commission and manage projects
-  Measure and verify savings
-  Train staff, provide ongoing maintenance services
-  And, guarantee that savings will cover all costs

# How ESPC Works

## 2 Contractual Agreements Secured by the ESCO Guarantee



## Anything that saves:

- Energy
- Water
- Operational, utility, maintenance costs
- And beyond (telephone, vehicles and other infrastructure improvements)



## A Broad Range of Measures:

- Lighting equipment replacements
- Building automation system upgrades
- HVAC system improvements
- Boiler replacements
- Plant improvements
- Renewable energy systems
- Landscape irrigation
- Plumbing fixture replacements
- Commissioning
- Utility rate adjustments
- LED traffic and street lighting systems

**Holly Luna**  
**Chief Financial Officer**  
**Douglas County School District**



**Success Story in Performance Contracting**

# Success Story – Douglas County School District

## Performance Contracting Project to Upgrade Facilities

- \$5.1 million project in 2008  
supported by \$456,000 in guaranteed annual savings
- \$5.6 million leveraged in  
bonds and grants



# Success Story – Douglas County School District



Douglas County School District

- 6<sup>th</sup> largest school district in the state
- Serving the communities of Gardnerville, Minden and South Lake Tahoe
- Facilities for 6,000 students
  - 7 elementary schools
  - 2 middle schools
  - 3 high schools
  - 7 support buildings
- High quality education based on District Competency Objectives and Common Core Standards

# Success Story – Douglas County School District

## Why Performance Contracting was attractive:

- Budget stretched to the limit
- Declining revenues
- Rising utility costs
- Facility upgrades needed
- Infrastructure improvements needed



# Success Story – Douglas County School District

## Projects

- Lighting improvements
- HVAC system repairs
- Equipment replacements
- District-wide centralized energy management system
- Smart trash compactors
- New fire alarm system
- Any project that saved energy or operational dollars
- Solar system



# Success Story – Douglas County School District

## Benefits of the Performance Contracting Project

- Better learning environment for students
- Better working environment for staff
- Trained maintenance staff to operate new equipment
- High performance buildings reflecting student performance goals
- Measurement and verification of savings
- Continued and additional savings
- Student learning opportunities
- Local economic benefit



# Success Story – Douglas County School District

## How it Worked – A Team Approach

- District departments
  - Business Services
  - Maintenance and Grounds
  - Information Services
  - Student Nutrition Program
  - Board of Trustees
- Energy Service Company (ESCO) – competitively selected through an RFP
- Financing Company
- 3<sup>rd</sup> Party Project Facilitator
- Nevada legislation guided the way



# Success Story – Douglas County School District

## In closing:

Achieved building improvements we  
wouldn't have otherwise been able to achieve

Recommended – YES!



For more information, visit the success story prepared by  
the Nevada Governor's Office of Energy

[http://energy.nv.gov/Programs/Public\\_Facilities\\_Retrofit\\_Grant/](http://energy.nv.gov/Programs/Public_Facilities_Retrofit_Grant/)



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# **Public Facilities Retrofit Program Governor's Office of Energy**

**Chris Halpin, PE, CEM, CMVP, LEED AP**

**Program Consultant – Technical Assistance**  
(Celtic Energy)



# FREE Technical Assistance to Get Started

- Determine if Performance Contracting is right for you
  - Assessment of facility opportunities through performance contracting
  - On-site meetings and facility walk-throughs
  - Benchmarking energy use and costs
  - Support for your decision-making team to get the “go” decision
- Competitively select an ESCO
  - Apply a standardized process
  - Help prepare the RFP
  - Serve as a neutral advisor



# Continued Technical Assistance

- Your project's savings will pay for continued technical assistance (as referenced in statute)
- Investment Grade Audit
  - Provide a 3<sup>rd</sup> party review of the savings projections and recommended measures
- Performance Contract (implementation contract)
  - Educate and advise during contract negotiations
  - Ensure thorough documentation
  - Ensure reasonable project costs, markups, etc
  - Ensure sound measurement and verification approaches



## Building the Project Team

- Conduct a training seminar for Agency personnel to ensure understanding of ESPC scope, financing, M&V, etc.
- Discuss “Lessons Learned” from previous ESPCs
- Secure commitment of all stakeholders to ESPC
- Liaison with NV Energy Office

# FREE Technical Assistance

- Meet with facility management staff, discuss O&M, ECM opportunities
  - What projects have been completed?
  - Are there critical infrastructure needs?
  - Planned projects short of funding?
- Review and benchmark existing utility data. Compare facilities to peers using BTU/SF, \$/SF
  - Create utility baseline
  - Helps prioritize targets

- Determine if Performance Contracting is right for you
  - Assessment of facility opportunities through performance contracting
  - On-site meetings and facility walk-throughs
  - Benchmarking energy use and costs
  - Support for your decision-making team to get the “go” decision

# FREE Technical Assistance

- Follow standardized RFQ/RFP process established by the energy office through this DOE grant
- Help prepare the RFP
  - Use the energy office template, modify as needed
  - Assist with Technical Facility Profile
    - Building descriptions, utility data, plans
- Serve as a neutral advisor
  - Discuss assembly of selection committee
  - Brief committee on RFP issuance, proposal review and scoring criteria, ESCO selection process, etc.
  - Assist with “Board” presentations

- Competitively select an ESCO
  - Apply a standardized process
  - Help prepare the RFP
  - Serve as a neutral advisor



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**Sue Stephens**  
**Energy Program Manager**

# WHY should I consider doing a performance contracting project?



# Benefits for all levels of government

## Meet Climate Change & Energy Saving Goals

- Reduce energy use, long-term

## Modernize infrastructure

- Better buildings now

## Good Environmental Stewardship

- Energy & water savings
- Pollution prevention
- Renewable energy opportunities
- Reduce our dependence on fossil fuels

## Wise use of government dollars

- Reduce the taxpayer burden
- Divert wasted energy dollars to pay for infrastructure

## Economic development

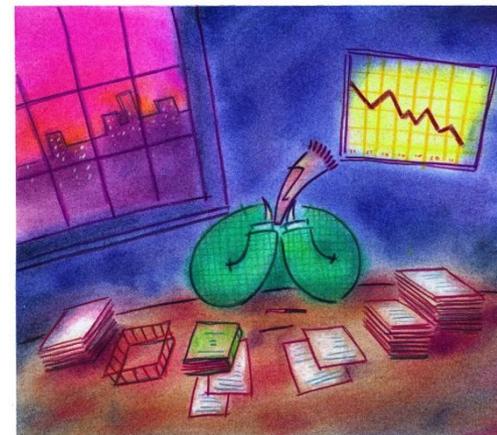
- Create Jobs – real jobs now! (ESCO staff, Subcontractors to ESCOs, Equipment suppliers , engineers, installers, on-site energy managers, service providers and more)
- Pump money into your local economy



# Benefits for the facility manager

## Solution to Limited Budgets

- Capital improvement without spending capital dollars
- Avoid the cost of delay – it costs money to wait!
- Leverage other funds  
(utility incentives, grants, bonds, in-house funds)
- Stabilize budgets – less risk from future energy rate increases
- A sustainable approach, post-ARRA



## Better Buildings!

- Comprehensive, whole-building approach for better systems and deep savings
- Improve work/study environment - indoor air quality, comfort and lighting quality
- Modern systems

## Sustained Energy Savings

- Ongoing project monitoring to verify savings
- The ESCO takes on the risk of performance

# Benefits for the facility manager (more)

## Maintenance Problems Solved!

- Handle deferred maintenance (finally!)
- Manageable systems
- Trained staff

## A Good Process

- Time-effective, cost-effective approach for completing facilities energy upgrades
- Guarantee of energy savings offloads financial and performance risk
- One stop shop = single point of accountability (ESCO)
- ESCO selected for best value, not lowest bid
- Owner participates in final equipment and subcontractor selection
- Low-interest financing options available
- Annual savings verification done per International Performance Measurement & Verification Protocol (IPMVP)



# Contact Us

**We're here to help you get started  
and see you through**

**Don't Delay! Contact us Today!**

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**Energy Program Manager**  
**Public Buildings Retrofit Program**  
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